



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

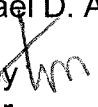
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

WENDY L. WATANABE
CHIEF DEPUTY

July 23, 2007

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

**SUBJECT: FISCAL MONITORING OF DEPARTMENT OF COMMUNITY AND
SENIOR SERVICES' FISCAL YEAR 2005-06 DOMESTIC VIOLENCE
PROGRAM SERVICE PROVIDERS**

The Department of Community and Senior Services (CSS) contracts with community-based, non-profit organizations (service providers) to provide Domestic Violence (DV) program services. DV program services include case management, counseling, shelter and legal advice to victims of domestic violence.

CSS' DV contracts are fee-for-service agreements under which providers are paid a set fee for each unit of service provided. The DV contracts also require that, if a provider's actual costs are less than the total amount the provider is paid, the provider must either get approval from CSS to use the excess earnings to provide DV services, or return the excess earnings to CSS.

At the request of CSS, we contracted with a Certified Public Accountant, Simpson & Simpson, to conduct fiscal monitoring of the 43 DV service providers that had contracts with CSS during Fiscal Year 2005-06. CSS paid approximately \$13.3 million to the DV service providers during the year.

The fiscal monitoring was done in two phases. Phase I on-site visits covered the contract period from July 1, 2005 through February 28, 2006. During Phase II, Simpson & Simpson followed up on the findings and recommendations from the Phase I reports.

Review Summary

Attachment 1 summarizes the findings for each service provider. Simpson & Simpson identified \$548,576 in findings, primarily related to costs that were not adequately documented, and a lack of documentation showing the providers used their own funds (i.e., matching funds) to pay a percentage of program expenses, as required by the DV contracts. If these findings are not resolved, the service providers will need to adjust their revenues/expenses, which may result in excess earnings. As noted earlier, excess earnings must either be used to provide DV services or be returned to CSS. During the fiscal monitoring for FY 2006-07, the monitor will determine if any of the providers had excess earnings for FY 2005-06.

Simpson & Simpson also prepared a management letter (Attachment 2), which recommends that CSS provide technical assistance to the service providers to ensure compliance with the fiscal requirements of the contracts.

Review of Report

Each report was discussed with CSS and the appropriate service provider. CSS has indicated that they will work with the service providers to resolve all of Simpson & Simpson's findings by October 31, 2007. Attachment 3 is CSS' response and action plan to address Simpson & Simpson's recommendations.

Because of the number of service providers, copies of individual reports are not enclosed, but are available for your review. Please call if you have any questions, or have your staff call Terri Kasman at (626) 293-1121 if you wish to review any reports.

JTM:MMO:JLS:TK
H:\DV 2005-06 Board Letter

Attachments

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Department of Community and Senior Services
Sachi A. Hamai, Executive Officer
Public Information Office
Audit Committee

Department of Community and Senior Services
Fiscal Monitoring of Domestic Violence Service Providers
Fiscal Year 2005-2006

Attachment 1

	Agency Name	No. of Recommendations	No. of Recommendations Implemented	Dollar Findings							
				A	B	C	D	E	F	Total	
1	1736 Family Crisis Center	4	3	(1)					(1)		(1)
2	Akila Concepts, Inc./Charlotte House	5	1	\$5,937	\$4,899 (1)	\$1,038					\$11,874 (1)
3	Antelope Valley Domestic Violence Council	2	0		(1)						(1)
4	Asian Pacific American Legal Center (APALC)	2	0	(1)							(1)
5	Bienvienidos Children's Center, Inc.	2	0	\$184		\$78					\$262
6	Cambodian Association of America	4	3			\$840					\$840
7	Center for Pacific-Asian Family, Inc. (CPAF)	2	1								
8	Chicana Service Action Center, Inc.	2	1							\$198,020	\$198,020
9	Children's Institute International	0	0								
10	Community Counseling Service (Amanecer)	1	0	(1)							(1)
11	Community Legal Services (AKA Legal Aid Society of Orange County)	2	2	(1)							(1)
12	Domestic Abuse Center	5	1	(1)		\$7,361 (1)					\$7,361 (1)
13	Domestic Violence Center of Santa Clarita Valley	4	1	(1)							(1)
14	East Los Angeles Women's Center	2	0						\$5,505		\$5,505
15	Foothill Family Service	0	0								
16	Harriett Buhai Center for Family Law	2	2	(1)							(1)
17	Haven Hills, Inc.	3	1	(1)		\$1,030		\$8,520			\$9,550 (1)
18	Haven House	3	0	(1)							(1)
19	Helpline Youth Counseling, Inc.	1	0						\$627		\$627
20	House of Ruth, Inc.	1	1								
21	Human Services Association	0	0								
22	Institute for Multicultural Educational Services	1	0						\$229		\$229
23	Interval House	0	0								
24	Jenesse Center, Inc.	3	1	(1)	(1)						(1)
25	Jewish Family Service / Family Violence Project	2	0								
26	Legal Aid Foundation of Los Angeles, (LAFLA)	1	0	\$35,600				\$12,430			\$12,430
27	Los Angeles Center for Law and Justice	1	0								\$35,600
28	National Council on Alcohol and Drug Dependency	1	0								
29	Neighborhood Legal Services of Los Angeles County	0	0								
30	Ocean Park Community Center (OPCC)-Sojourn	1	0								
31	Peace & Joy Care Center	11	5	(1)	\$43,337	\$4,562		(1)	(1)		\$47,899 (1)

Department of Community and Senior Services
Fiscal Monitoring of Domestic Violence Service Providers
Fiscal Year 2005-2006

Attachment 1

	Agency Name	No. of Recommendations	No. of Recommendations Implemented	Dollar Findings						
				A	B	C	D	E	F	Total
32	Project: Peacemakers, Inc.	3	1	(1)						(1)
33	Prototypes	8	1	\$24,480	\$34,004		\$84			\$58,568
34	Rainbow Services, Ltd.	2	2							
35	San Fernando Valley Community Mental Health Center, Inc. (Admin. Offices)	0	0							
36	San Pedro Community Legal Services	3	0			\$3,656				\$3,656
37	Santa Anita Family Service	8	3	(1)	\$35 (1)	\$85,087				\$85,122 (1)
38	Southern California Alcohol & Drug Programs, Inc. / Angel Step Inn	0	0							
39	Su Casa Family Crisis and Support Center	4	0	(1)		(1)		(1)		(1)
40	Women's & Children's Crisis Shelter, Inc (WCCS)	2	1	(1)						(1)
41	Women's Shelter of Long Beach	4	1	(1)		\$40,777		(1)	(1)	\$40,777 (1)
42	YWCA of Glendale Domestic Violence Project	5	5	(1)	\$11,179	\$376				\$11,555 (1)
43	YWCA of San Gabriel Valley/ Women in Need Growing Strong (WINGS)	2	0	\$6,069					\$12,632	\$18,701
Total		109	37 (2)	\$72,270	\$93,454	\$144,805	\$84	\$20,950	\$217,013	\$548,576 (2)

Code Summary

- A No documentation to support the cost allocation method or expenses were improperly allocated to the programs
B No documentation or inadequate documentation to support expenditures or units of service billed
C Expenditures and/or revenue are not recorded or are inappropriately recorded on service provider's accounting records
D Billed FY 2004-05 expenditures in FY 2005-06
E Does not meet matching requirements or improperly recorded matching expenses
F Program income was not reported or could not be determined

- (1) Simpson & Simpson was not able to determine the dollar value of one or more findings in this category
(2) Service providers corrected \$151,212 in findings after Simpson & Simpson's Phase I site visits. Remaining balance of open findings is \$397,364.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRANARD C. SIMPSON, CPA
CARL P. SIMPSON, CPA

3600 WILSHIRE BOULEVARD, SUITE 1710
LOS ANGELES, CA 90010
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

Mr. J. Tyler McCauley
Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012

Mr. McCauley:

In planning and performing the 2005-2006 Department of Community and Senior Services Domestic Violence (DV) Programs Fiscal Monitoring, we noted a certain matter involving the Department of Community and Senior Services' (CSS) internal control structure relating to accounting and contract administration that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report DV program grant expenditures.

Our observation and recommendation are presented in Exhibit I.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the DV program grant expenditures may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

The scope of our engagement was limited to monitoring DV service providers and did not include considering and providing assurance on CSS' internal control structure. Such monitoring would not disclose all matters in CSS' internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described in Exhibit I is a material weakness.

This report is intended solely for the use of the County of Los Angeles and is not intended to be and should not be used by anyone other than the specified party.

Los Angeles, California
February 28, 2007



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Observation # 1 – Service Providers Not Having Adequate Understanding of Fiscal Requirements

During our monitoring visits, we noticed that twenty-nine (29) out of forty-three (43) service providers had findings which indicated they do not have an adequate understanding of the various fiscal requirements of the contract (such as matching and cost allocation) and the necessary documents they need to maintain to be in compliance with the fiscal requirements.

Recommendation #1

We recommend that CSS work closely with the service providers to determine if they have an adequate understanding of the applicable fiscal requirements and provide technical assistance as necessary to each service provider to ensure compliance with the fiscal requirements of the contracts.



CYNTHIA D. BANKS
Director

**COMMUNITY AND SENIOR SERVICES
OF LOS ANGELES COUNTY**

3175 W. SIXTH STREET • LOS ANGELES, CA 90020 • (213) 738-4519 (213) 351-5125 FAX

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June 5, 2007

To: J. Tyler McCauley
Auditor-Controller
From: *Cynthia D. Banks (os)*
Cynthia D. Banks
Director

Subject: **DOMESTIC VIOLENCE PROGRAM SERVICE PROVIDERS
AUDIT REVIEW**

The following is Community and Senior Services (CSS) response to Simpson & Simpson's (S&S), Certified Public Accountants, audit review and findings for Fiscal Year (FY) 2005-2006 Domestic Violence Program contract service providers.

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J. Tyler McCauley
June 5, 2007
Page 2 of 2

CSS Response

We are in agreement with this recommendation. CSS has issued an in-kind match directive to the service providers identifying the federal guidelines requirements, created a Cost Allocation Plan template and will be providing Cost Allocation Plan template training to all service providers.

In addition, CSS staff is providing on-going technical assistance to service providers to assist in their acquiring a better understanding of contractual fiscal requirements and ensure contract compliance.

CSS will continue to work closely with our service providers, Simpson and Simpson and the Auditor-Controller's Office to correct any shortcomings so that we may continue achieving our goal of providing accurate and efficient services to all contracted service providers.

The implementation of the above recommendation will strengthen and enhance the Department's contract operations for the three Domestic Violence programs.

Should you have questions, your staff may contact Jackie Lynn Sakane, Program Manager, Contract Compliance Section at (213) 739-7321.

CDB:JLS:hms

Attachment

c: Department of Public Social Services
Simpson & Simpson, CPA